

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:4463

ANSWERED ON:24.04.2008

RISE IN THE PRICES OF RAW MATERIALS

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Will the Minister of STEEL be pleased to state:

(a) whether the prices of almost all the materials being utilized in the production of steel have gone up in the country during the year 2007;

(b) if so, the percentage of increase registered in the prices of the each of the components used in production of steel during the said period separately;

(c) the name of the materials which are being supplied by the public sector in the country; and

(d) the impact of price rise in raw material on selling price for the consumers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF STEEL (SHRI JITIN PRASADA)

(a) Yes, Sir.

(b) The increase registered in the raw material spot prices (FOB) of the main steel making raw materials from January 2007 to December 2007 is given in the table below along with the percentage increase during the said period :-

Raw Material Spot Prices (FOB)

Period	NMDC (LTA)	Price India	Spot (Export)	Iron Ore 63.5% Fe Australian Spot	hard Coking Coal China met Coke 12.5% Ash Shredded Scrap
(In Rs./tonne)	(In \$/tonne)	(In \$/tonne)	(In \$/tonne)	(In \$/tonne)	(In \$/tonne)
Jan-07	1114	60.0	98.0	180.0	280
Feb-07	59.5	100.0	180.0	290	
Mar-07	62.5	103.0	185.0	340	
Apr-07	1209	70.0	107.0	195.0	307
May-07	75.0	109.0	212.0	313	
Jun-07	74.5	120.0	252.0	300	
Jul-07	78.0	129.0	256.0	295	
Aug-07	88.0	140.0	256.0	302	
Sep-07	114.0	150.0	275.0	302	
Oct-07	1783	130.0	165.0	340.0	302
Nov-07	155.0	172.5	400.0	302	
Dec-07	140.0	180.0	390.0	317	
%age Increase	60%	133.3	83.7	116.7	13.2

Bailadila Fines (64.5/64% Fe less than 10 mm)
Pithead price exclusive of freight and taxes.

(c) There is no steel making raw material, which is exclusively supplied by the public sector. However, the National Mineral Development Corporation (NMDC) is a major supplier of iron ore to the domestic steel industry. Similarly, Coal India Ltd., a Public Sector Undertaking supplies coal through its subsidiary companies. The domestic steel industry meets much of its demand for coking coal through imports.

(d) The impact of increase in the price raw material will differ from producer to producer, depending on the technology as well as the availability of captive raw material resources. The raw material cost per tonne of crude steel, in the case of some of the major steel producers, based on the information published in their website is as under:

Cost of Raw Materials per tonne of Crude Steel
Rs./Tonne

Name of Producer	Jan-Mar 2007	Apr-June 2007	July-Sept 2007	Oct-Dec 2007
Steel Authority of India Ltd.	9131	8822	8902	8886
Tata Steel Ltd.	7635	7796	6977	8340
JSW Ltd.	14750	15274	15383	16530